



Form 63-20-23
Premium Excise Return for
Foreign Life Insurance Companies on
Life, Accident and Health Business

1999

Massachusetts
Department of
Revenue

For calendar year 1999 or taxable year beginning

, 1999 and ending

Name of company

Federal Identification number

Mailing address

DOR use only

Name of treasurer

Organized under the laws of

Has the federal government changed your taxable income for any prior year which has not yet been reported to Massachusetts? ☐ Yes ☐ No.

If "Yes," report such change on Form 355FC within three months after the final federal determination.

Computation of Excise. Attach a copy of Schedule T of NAIC Annual Statement.

Income and Excise Before Credits

Use whole dollar method

1	Taxable life premiums (Part I, line 7)	▶	_____ \$ × .02 (2%) =	▶	1	\$
2	Retaliatory computation (Part II, column A)	▶		▶	2	\$
3	Applicable measure (enter the larger of line 1 or line 2)				3	\$
4	Taxable accident and health premiums (Part I, line 12)	▶	_____ \$ × .02 (2%) =	▶	4	\$
5	Retaliatory computation (Part II, column B)	▶		▶	5	\$
6	Applicable measure (enter the larger of line 4 or line 5)				6	\$
7	Excise before credits. Add line 3 and line 6.				7	\$

Credits

8	Enter 1.5% of company's capital contribution in excess of your full proportionate share in the Massachusetts life insurance company community investment initiative	▶	8	\$
9	Enter 10% of Massachusetts Life and Health Insurance Guaranty Association assessment paid in the prior years	▶	9	\$
10	Economic Opportunity Area Credit (Schedule EOA, line 9). If this credit was claimed on Form 176-I, do not claim here	▶	10	\$
11	Full Employment Credit (Schedule FEC). If this credit was claimed on Form 176-I, do not claim it on this form	▶	11	\$

Excise After Credits

12	Excise due before voluntary contribution. Subtract the total of lines 8, 9, 10 and 11 from line 7. Not less than "0"	▶	12	\$
13	Voluntary contribution for endangered wildlife conservation	▶	13	\$
14	Excise plus voluntary contribution. Add line 12 and line 13.	▶	14	\$

Payments

15	1998 overpayment applied to 1999 estimated tax	▶	15	\$
16	1999 Massachusetts estimated tax payments (do not include amount from line 15)	▶	16	\$
17	Payments made with extension.	▶	17	\$
18	Total payments. Add lines 15, 16 and 17.	▶	18	\$

Refund or Balance Due

19	Amount overpaid. Subtract line 14 from line 18.	▶	19	\$
20	Amount overpaid to be credited to 2000 estimated tax	▶	20	\$
21	Amount overpaid to be refunded. Subtract line 20 from line 19.	▶	21	\$
22	Balance due. Subtract line 18 from line 14	▶	22	\$
23	M-2220 penalty ▶ \$; Other penalties ▶ \$ Total penalty	▶	23	\$
24	Interest on unpaid balance	▶	24	\$
25	Total payment due at time of filing.	▶	25	\$

26 Are net direct premiums so reported in Part I, line 8? ☐ Yes ☐ No.

27 Have all dividends claimed as a deduction in Part 1, line 9 been included as taxable premiums in line 4 on this return or on a previous Massachusetts return? ☐ Yes ☐ No.

Declaration

Under the penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has knowledge.

Signature of appropriate corporate officer (see instructions) Social Security number Title Date

Individual or firm signature of preparer Employee Identification number Address Date

If you are signing as an authorized delegate of the appropriate corporate officer, check here ☐ and attach Mass. Form M-2848, Power of Attorney.

Mail to: Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204. Make remittance payable to: Commonwealth of Massachusetts.

Part I. Premium Excise
Life Premiums

Income
1 All new and renewal direct premiums for all policies of life insurance allocable to Massachusetts
2 Dividends applied to:
a Purchase paid-up additions
b Shorten premium paying period.
3 Total gross direct premiums. Add lines 1, 2a and 2b.

Deductions
4 Returned premiums but not including cash surrender values.
5 Dividends:
a Paid in cash.
b Applied in reduction of renewal premiums.
c Left to accumulate at interest.
d Applied to purchase paid-up additions.
e Applied to shorten premium paying period
6 Total deductions. Add lines 4 through 5e.

Taxable amount
7 Taxable amount. Subtract line 6 from line 3
(Enter line 7 in line 1 in Computation of Excise)

Accident and Health Premiums

Income
8 Total net direct premiums for insurance of property or interests in Massachusetts

Deductions
9 Dividend deduction. Premiums returned or credited to policyholders as dividends
(unabsorbed premium deposits) on direct business
10 Premium deduction. Gross premiums for authorized Preferred Provider arrangements.
11 Total deductions. Add line 9 and line 10

Taxable amount
12 Taxable amount. Subtract line 11 from line 8
(Enter line 12 in line 4 in Computation of Excise)

Part II. Computation of Retaliatory Tax

Use the space below to calculate your excise using the identical method and the same rate used by the state in which you are incorporated in taxing a like Massachusetts insurance company, or its agents, if doing business to the same extent. If the computation in the state of your incorporation is in every respect the same as your Massachusetts computation, a statement to that effect should be made.

Table with 2 columns: Column A. Life computation, Column B. Accident and health computation

Form 63-20-23 Instructions

Who Must File Form 63-20-23?

All classes of foreign life insurance companies on accident and health business subject to MGL Ch. 63, secs. 23, 24 and 24A must file Form 63-20-23.

All foreign life insurance companies subject to MGL Ch. 63, secs. 20, 21 and 24A must file Form 63-20-23.

A foreign company is any company organized or formed in any state or country other than Massachusetts.

When Must Form 63-20-23 be Filed?

Form 63-20-23, together with payment in full of any excise due, must be filed on or before the 15th day of the third month after the close of the company's taxable year.

May an Insurance Company Obtain an Extension of Time to File?

Yes. Form 63-20-23 filers may request a six-month extension of time to file by submitting Mass. Form 355-7004 Misc. on or before the original due date. Any tax due at the time of filing Form 355-7004 Misc. must be paid in full.

Note: An extension of time to file is not valid if the company fails to pay at least 50% of the total tax liability through estimated payments or using Form 355-7004 Misc.

What Are the Penalties for Late Returns?

Insurance excise returns that are not filed on or before the due date are subject to interest and penalty charges. The penalty for failure to pay the amount due with this form is $\frac{1}{2}\%$ of the balance due per month (or fraction thereof), up to a maximum of 25% of the tax reported as due on the return. A late payment penalty does not apply to amended returns when the amount shown on the original return was paid.

The penalty for failure to file a return by the due date is 1% of the balance due per month (or fraction thereof), up to a maximum of 25%.

Any tax not paid on or before the due date — without regard to the extension — is subject to interest.

What is a Valid Return?

A valid return is one upon which all required amounts have been entered in all appropriate items on the form. Applicable forms and documents may be attached to explain these amounts. Referencing items to attachments instead of properly entering all amounts onto the return is not sufficient. The return **must** be signed by either the treasurer or assistant treasurer of the company.

To be valid, a Form 63-20-23 must also include a copy of Schedule T, Exhibit of Premiums Written or Form 1 from the NAIC Annual Statement.

Reproduction of returns must be approved by DOR prior to filing and meet the criteria provided in Technical Information Release 95-8.

Failure to meet any of the requirements detailed in this section may result in a penalty for filing an insufficient return. Such a penalty may be assessed at double the amount of the tax due.

When are Estimated Tax Payments Required?

Any insurance company that reasonably estimates its excise to be in excess of \$1,000 for the taxable year is required to make estimated tax payments to the Commonwealth. Estimated taxes may be paid in full on or before the 15th day of the third month of the company's taxable year or in four installment payments according to the schedule below. Insurance companies making estimated payments must use Form 355-ES to make their payments.

For taxable years ending on or after December 31, 1989, estimated tax installments are paid as follows:

Installment no.	% of estimated tax due	Due date from start of taxable year
1	40%	15th day of 3rd month
2	25%	15th day of 6th month
3	25%	15th day of 9th month
4	10%	15th day of 12th month

Note: New corporations in their first full taxable year with less than 10 employees have different estimated payment percentages — 30%, 25%, 25% and 20% respectively.

Special Optical Character Readable payment vouchers are mailed to all companies that have made estimated payments or should be making estimated payments. These special forms are easier to fill out and facilitate processing.

Insurance companies that underpay, or fail to pay, their estimated taxes may incur an additional penalty on the amount of the underpayment for the period of the underpayment. Form M-2220, Underpayment of Massachusetts Estimated Tax by Corporations, is used to compute the additional charge.

Any corporation having \$1 million or more of federal taxable income in any of its three preceding taxable years (as defined in Section 6655(g) of the Internal Revenue Code (IRC)) may only use its prior year's tax liability to calculate its first quarterly estimated tax payment. Any reduction in the first installment payment that results from using this method must be added to the second installment payment.

A company that claims the exception to the underpayment penalty of equaling the prior year's tax liability **must provide federal tax returns** (one page only) for the three preceding taxable years to verify that federal taxable income is less than \$1 million.

Note: Any insurance company required to file more than one type of excise return must also file separate estimated tax payment vouchers since each type of tax is governed by a different section of the Massachusetts General Laws.

For more information on corporate estimated taxes, refer to MGL, Chapter 63B.

How Is the Excise Determined?

Foreign Accident & Health insurance companies are taxed on net direct premiums for insurance of property or interest in Massachusetts.

Foreign life insurance companies are taxed on all new and renewal policies issued during the preceding calendar year if the insured is a resident of Massachusetts at the time the premium was paid.

Are Combined Returns Allowed?

No. Foreign insurance companies are not allowed to participate in filing combined returns.

Line Instructions

Registration Information

Enter the company's federal employer identification number and the state of incorporation in the boxes next to the name and address of the company.

Should the Whole Dollar Method be Used?

Yes. All amounts entered on Form 63-20-23 must be rounded off to the nearest dollar.

Federal Audit

If your company has undergone a federal audit for some prior year, you must report any changes on Mass. Form 355FC within three months after the final determination of the correct taxable income by the IRS. Otherwise, you will be subject to a penalty. Answering "yes" to this question does not relieve the company of this filing obligation.

Preferred Provider Deduction

An organization that has entered into a preferred provider arrangement and has been approved by the Commissioner of Insurance may deduct those premiums relating to preferred provider arrangements if they have been included in line 8 of Part I of this return and reported on Form 176-I, Preferred Provider Gross Revenue Excise Return. These premiums are deducted on Part I, line 10.

Computation of Excise

Line 1. Enter the amount of life premiums subject to tax in Massachusetts from Part I, line 7. If amount is negative, enter zero.

Lines 2 and 5. Use the back of Form 63-20-23 to calculate your excise using the same method and rate used by the state in which you are incorporated and would be imposed on a like Massachusetts insurance company, or its agents, if doing business to the same extent. If the computation in the state of your incorporation is in every respect the same as your Massachusetts computation, a statement to that effect should be made. Retaliatory tax provisions are provided under MGL Chapter 63, Section 24A.

Line 4. Enter the amount of total net direct accident and health premiums subject to tax in Massachusetts from Part I, line 12. If the amount is negative, enter zero.

Line 8 — Initiative Credit. A company shall be allowed a credit against the premium tax equal to 1.5 percent of such company's total capital contribution in excess of their full proportionate share which shall mean an investment in the Massachusetts Life Insurance Company Community Investment Initiative.

This credit is effective for tax years in which the aggregate cumulative investment in the Massachusetts Life Insurance Community Investment Initiative reaches 100 million or the tax year 2004, whichever is later.

Line 9 — Credit for Member Insurers of the Massachusetts Life and Health Insurance Guaranty Association. Enter 10% of the assessment for each of five years following the year in which the assessment was paid. If the sum of offsets exceeds \$3,000,000, the excess may be carried forward and may be used in a year in which the \$3,000,000 is **not** exceeded. If the total offsets exceed \$3,000,000 in a year, the Department of Revenue will assess each member with an additional tax equal to the amount of the offset which exceeds \$3,000,000 of such members pro rata share.

Line 10 — Economic Opportunity Area Credit. Enter the amount of Economic Opportunity Area credit claimed this year from Schedule EOA, line 9. Attach a completed Schedule EOA to this return. For more information, contact the Massachusetts Office of Business Development at One Ashburton Place, Room 2101, Boston, MA 02108.

Line 11 — Full Employment Program Credit. A qualified employer participating in the Full Employment Program may claim a credit of \$100 per month of eligible employment per employee. The maximum

amount of credit that may be applied in all taxable years with respect to each employee is \$1,200. Attach Schedule FEC to this return. For more information, contact the Department of Transitional Assistance, 600 Washington Street, Boston, MA 02111.

Line 13. Any corporation that wishes to contribute any amount to the Natural Heritage and Endangered Species Fund may do so on his form. This amount is added to the excise due. It increases the amount of the corporation's payment or reduces the amount of its refund.

The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environment Law Enforcement to provide for conservation programs for rare, endangered and nongame wildlife and plants in the Commonwealth.

Add lines 12 and 13. This is the total excise plus voluntary contributions. Enter the total in line 14.

Line 18. Add lines 15, 16 and 17 to arrive at the total payments made for 1998.

Lines 18 through 20. If line 18 is larger than line 14, enter the amount overpaid in line 19.

The overpayment may be applied in part or in full to 2000 estimated taxes by entering in line 20 the amount to be credited to 2000 estimated tax payments. Enter the amount to be refunded in line 21.

An overpayment of tax cannot be applied as a credit to the tax of another account of this company or to the tax of another company.

Line 22. If line 14 is larger than line 18, enter the balance due in line 21. Payment in full is due on or before March 15, 2000.

Line 23. Any company that has an underpayment of estimated tax will incur a penalty on the underpayment for the period of the underpayment. Attach a copy of Form M-2220. For more information, refer to the section, "When Are Estimated Tax Payments Required?"

Any company that fails to file a timely return will be subject to a late filing penalty of 1% per month, or fraction thereof, and a late payment penalty of ½% per month, or fraction thereof, on the amount required to be shown as the tax due on the return. For more information, refer to the section, "What Are the Penalties for Late Returns?"

Line 24. Any company that fails to pay its tax when due will be subject to interest on the unpaid balance. For more information, refer to the section, "What Are the Penalties for Late Returns?"

Line 25. Enter the total payment due. Checks for this amount should be made payable to the **Commonwealth of Massachusetts**. Checks should have the company's federal identification number written in the lower left corner.

Signature

When the form is complete, it must be signed by the treasurer or assistant treasurer. If you are signing as an authorized delegate of the appropriate corporate officer, check the box in the signature section and attach a Massachusetts Form M-2848, Power of Attorney. The form should be mailed to:

**Massachusetts Department of Revenue
PO Box 7052
Boston, MA 02204**